

here we are again moving in the exact opposite direction. And I think that this assignee liability, this could prove to be a trial attorney's dream and a homeowner's nightmare. And I am very disappointed a major portion of this bill that was debated in committee will not be debated on the full floor.

For this reason, I would certainly oppose this rule and oppose the underlying bill.

Mr. ARCURI. Mr. Speaker, I yield 4½ minutes to the distinguished chairman of Financial Services, the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK of Massachusetts. Mr. Speaker, I will address much of the substance of the bill in the general debate. I do want to say we are here dealing with an issue, subprime mortgages, that is the single biggest contributor to the greatest financial crisis the world has seen since the Asian crisis of the late nineties.

We are in a very difficult situation now in the financial markets; and wholly unregulated subprime mortgages, unregulated by the originator and then unregulated in the secondary market, has given rise to this.

The previous speaker talked about the danger we could do with our liability for the securitizers. I would note that one of those who volunteered to our committee that we should do something, he wasn't specific about what, but something to put some liability there was the Chairman of the Federal Reserve, Mr. Bernanke, who has talked about what he called the originate-to-distribute model, i.e., people who give mortgages who are not themselves subject to regulation who then in turn sell into a secondary market, and what has been lost in that is the responsibility to worry about repayment. Now, we will talk more about this.

There is a delicate balance here. I am not in favor and this bill does not in general preempt the rights of States to do what they think is necessary in the consumer protection area. But in the matter I just talked about, when we are talking about a national secondary market, we did believe some preemption is necessary. We have tried to define it precisely and hold it to a minimum necessary to have a functioning market. As I said, I will address some of those more.

The bill, I believe, does strike a balance that can be a difficult one to achieve, particularly in that area of some preemption so that you have a functioning secondary market, but not to the point where you intrude on the rights of States to make these decisions.

I do want to address the rule. At my request this rule does make in order a number of amendments from both parties. Several of the amendments offered by Republicans will be, I hope, accepted. The manager's amendment itself is a genuinely bipartisan amendment. Much of the manager's amendment, in fact, came from the minority; and, indeed, in our committee the

ranking member had a major input into this. This bill did pass committee by a vote of 45–19, which was the Democrats and, not a majority, but a significant number of Republicans.

We have, I believe, a rule that allows most of the issues that are at stake to be voted on. There are amendments that would strike major parts of the bill. The gentleman from North Carolina has one. The gentleman from Georgia has one. There is a third, the gentleman from New Jersey. Three amendments that would strike very much at the heart of the bill. I believe they should be debated and I would hope defeated, but they are made in order.

I did consult very much with the ranking member, and I believe we have a procedure today that doesn't cover everything, but will have the major issues before us.

At the end of today, I hope we will have passed a bill and it will be a bill which I must say will probably leave all parties at interest a little bit unhappy. I'm not pleased with that, but I think given the competing interests here, that is the best we can do, particularly on this issue of whether or not we preempt.

I would note that while some of the groups that I work with in the consumer area are disappointed because they wanted no preemption at all, passage of this bill is supported by the Conference of State Bank Supervisors. They think there are some things they would like to see changed further on. It's supported by the NAACP and La Raza. And it has, we believe, the essential elements.

The core is this: loans made by banks as originators subject to bank regulation have not been the problem. The problem has come when loans were originated by unregulated people, not that they were morally deficient, but there was no regulation. Here is the core of this bill: we have tried talking to the bank regulators and others to take the principles that the bank regulators have applied to loans originated by regulated depository institutions and apply them to the unregulated originators, the brokers. And it is not the case that the brokers were morally deficient. In all of these professions, we have an overwhelming majority of honest people. But the problem is, in the absence of any regulation and the availability of a secondary market with no rules, that minority that was not scrupulous caused us problems. This bill fixes that.

Mr. HASTINGS of Washington. I yield myself 2 minutes, Mr. Speaker.

Mr. Speaker, I just want to respond to my friend from Massachusetts when he outlined the amendments that were made in order and the substance of some of those amendments to be debated and also suggesting that he would oppose some and accept others. I have always admired that in him when he comes up to the Rules Committee and feels that that's part of the legislative process.

The point that the gentleman from Texas was making, apparently he had two amendments, and one of them the gentleman from Massachusetts is going to work with him on; so that one will be resolved. But the gentleman from Texas felt very strongly that the amendment that was not made in order, really the only amendment that had any substance was not made in order, was his amendment, and we don't get a chance to debate it. I think that's a valid argument from his perspective. And I know the gentleman from Massachusetts had nothing to say obviously about that.

So I just wanted to make that point, that, yes, there are a lot of amendments that were made in order. Some of the amendments that were made in order will be addressed later on. But I wanted to make the point of what the gentleman from Texas had made that his amendment was not made in order.

Mr. FRANK of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. HASTINGS of Washington. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. I thank the gentleman. I appreciate his comments, and I think he's right.

The gentleman from Texas' amendment not made in order was a substantive amendment. I do believe, as I looked at the amendments, every other amendment from either side that presented a substantive issue was made in order, and, frankly, I assumed that this could be the recommit, if the minority cared about it.

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We did in the rule, as we should have, provide for every substantive issue to be debated, except that one. There is the motion to recommit, and that would be available for the motion to recommit.

Mr. HASTINGS of Washington. The gentleman has always been open to debate. I am glad he has given us advice on maybe what we want to put in the motion to recommit. One of the easiest ways to do that obviously would be to have made that amendment in order. He had nothing to do with that decision. That was a decision of the Rules Committee. I wish it had been made in order. An amendment was offered to make that in order and was defeated on a party-line vote.

Mr. FRANK of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. HASTINGS of Washington. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. I appreciate it. I don't contest anything he said. But I would say it did seem to me, as I looked at it in a neutral way, that the minority did need some help on dealing with recommitments.

Mr. HASTINGS of Washington. I always appreciate the gentleman offering his advice.

I reserve my time.

Mr. ARCURI. Mr. Speaker, I yield an additional 2 minutes to the gentleman from Georgia (Mr. SCOTT).